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U. S. D. A. AGR. ADJUST. ADMIN.

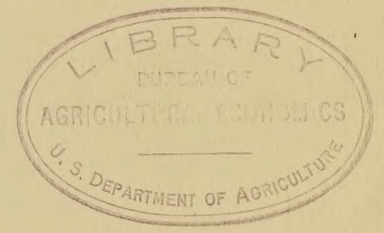
AGRICULTURAL ADJUSTMENT

Part II -- What

- a - The Agricultural Adjustment Act
- b - Agricultural Adjustment as an Emergency Measure

"The 'Thesis' behind this program is that the powers of government shall be made available to the farmers of this country to do the job which they, as individuals, or as associations, had not proved able to do in fifteen years of effort."

Chester C. Davis,
Administrator, AAA



THE AGRICULTURAL ADJUSTMENT ACT.

Give a general outline of:

a. The Agricultural Adjustment Act.

"As passed by Congress and approved by the President on May 12th, 1933, the Agricultural Adjustment Act, properly titled 'An Act to Relieve the Existing National Economic Emergency by Increasing Agricultural Purchasing Power', contains three distinct parts.

"One part empowers the President, through the Secretary of Agriculture to take measures to increase agricultural purchasing power by raising farm income; another empowers the Farm Credit Administration to take measures to lighten the load of farm mortgages; the third grants to the President certain powers in regard to the national currency and credit.

"Only one of these parts, the first, is under the jurisdiction of the Department of Agriculture, and the Agricultural Adjustment Administration has been specially created to accomplish this task. The Farm-Mortgage section of the Act is administered by the Farm Credit Administration, created May 12th, by executive order of the President. Information on its provisions and workings should be obtained from the Federal Land Banks and from County Extension agents. The currency and credit powers of the third portion of the Act was granted the President, himself.

"The Act declares that it is the policy of Congress to raise the purchasing power of American farmers to the level which it occupied in the "base period", the five years 1909 to 1914, when agriculture and industrial production and prices were well balanced and the national income was equitably distributed."

"The Agricultural Adjustment Act and Its Operation."
Leaflet G-1, U. S. Dept. of Agriculture. p. 1.

b. The Agricultural Adjustment Administration.

"In order to apply the powers and achieve the purposes of the Adjustment Act, the Secretary of Agriculture set up within the Department of Agriculture a new organization, the Agricultural Adjustment Administration, devoted specifically to these duties. The Administration's activities were coordinated closely with those of the rest of the Department. It draws upon the scientific knowledge, the accumulated statistical data, and the informational, organizing and educational facilities of the other bureaus and offices within the Department.

"The organization is headed by an Administrator who is aided in directing its activities by three assistant administrators. Each assistant also is director of one of three divisions, the Commodities Division, the Division of Information and the Division of Program Planning. The organization also includes a general counsel, who is director of the Legal Division; a comptroller, director of the Finance Division; manager of the Cotton Pool; a special assistant in charge of Business Management; a special assistant in charge of a Coordination Office; and an Economic Adviser.

"The Commodities Division is concerned with problems of production and distribution, both under the production control contracts, and licenses and marketing agreements. Sections included in the division are: Wheat Production; Grain Processing and Marketing;

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Cotton Production; Cotton Processing and Marketing; Dairy; Tobacco; Sugar; Rice; General Crops; Cattle and Sheep; Field Investigation; Contract Records; and Compliance.

"The Division of Information is concerned with dissemination of information on the Administration's activities. It also includes the Consumer's Counsel, whose function is to protect consumers against pyramiding of processing taxes, profiteering, and unfair charges imposed under cover of adjustment of agricultural products.

"Correlating adjustments of the various commodities into a unified program for the whole agricultural industry, and adapting the program to long-time needs for functions of the Program Planning Division."

"Agricultural Adjustment Act and Its Operation."

Leaflet G-1, U. S. Department of Agriculture. p. 3.

"One important function of the Adjustment Administration is to increase the export sales of surplus agricultural products wherever that can be done without putting undue pressure on world markets. Efforts to explore and open new export outlets for surpluses of American farm products were among the first enterprises of the Agricultural Adjustment Administration." Leaflet G-1. U. S. Department of Agriculture. p. 4.

What years were designated by the Agricultural Adjustment Administration as the "base period", and why?

"It was the policy of Congress to restore the pre-war parity of agricultural purchasing power. Such a restoration means that farmers will again be as good customers for city goods and services as they were in 1909-1914."

"It does not necessarily mean that prices, in dollars, of farm products will be the same as they were before the war, but it means that farmers selling the same volume of goods will be able to buy, with their returns, the same volume of manufactured goods that they were able to buy in 1909-1914."

"In dealing with individual commodities, except tobacco, the "base period" to which purchasing value of the commodity is to be adjusted is the same period, 1909-1914, to which the general purchasing power of American agriculture is to be adjusted according to the policy of Congress. For tobacco the base period is the post-war years, 1919-1928. This variation is caused by the fact that tobacco-consuming habits of the entire world have changed since the war, and pre-war conditions no longer accurately represent the present condition of the tobacco industry."

Leaflet G-1. U. S. Department of Agriculture. p. 4

What is meant by "parity price?"

The "parity price" of a commodity is the "price which it would have to bring in order to have the same purchasing power in terms of manufactured goods that farmers buy that it had in the 5 years before the World War, except in the case of tobacco for which the parity period is the years 1919-1928."

Leaflet G-1, U. S. Department of Agriculture. p. 11.

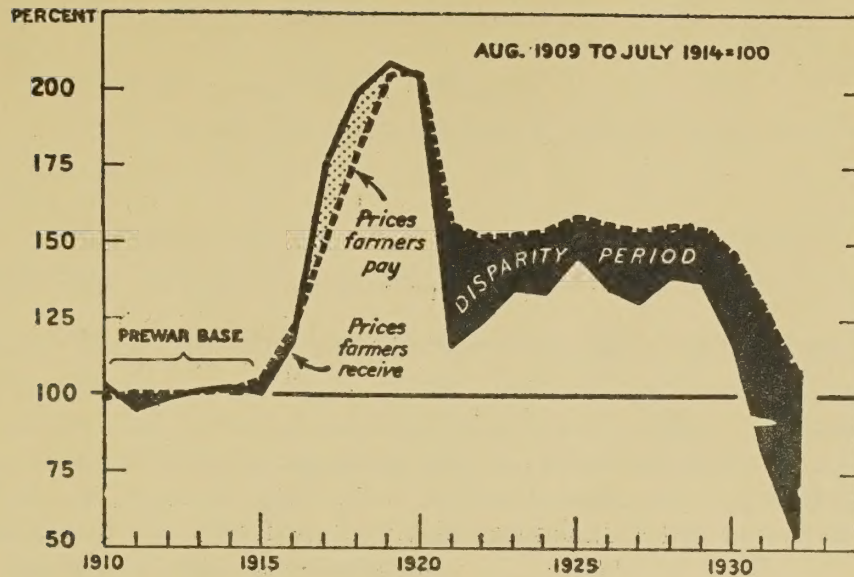


FIGURE 2. Index of Prices Received and Paid by Farmers, 1910-32.

What products are known as "basic commodities?"

"The Agricultural Act was intended to bring the farmer into a position of parity—that is, equality—with other American producers.

"It named seven commodities as 'basic': cotton, wheat, field corn, hogs, rice, tobacco, and milk and its products. (In 1934 the Act was amended to add sugar, beef, and dairy cattle, peanuts, rye, flax, barley, and grain sorghums.)

"These commodities were selected because they include products which have been subject to the greatest pressure of accumulated export surpluses and falling world prices, because they all pass through some form of processing before they reach the consumer, and can be controlled at that point, and because in 1929, they together yielded between 50 and 55 percent of the revenue from American agriculture. The Act therefore authorized the Secretary of Agriculture to undertake fundamental plans for improving the position of all these commodities."

"Achieving a Balanced Agriculture." p. 26.

Bulletin G-20, U. S. Department of Agriculture.

What is meant by "benefit payments" and do these payments constitute a drain on the United States Treasury?

"For the crops that are grown by large numbers of individuals across wide acres of the country, a system has been worked out by which farmers contract with the Government for a pro rata reduction of their basic commodity acreage, and receive, in return for reducing their production what is known as a "benefit payment." The amount of the benefit sought is worked out....by comparing the price the farmer is now actually getting with what the parity price would be....the difference is made up to him by means of "benefit payments" on his reduced acreage.

"The benefit payments do not constitute a drain on the national treasury. The crop production adjustment programs are self-financing. The money for benefit payments is raised

by processing taxes levied on the commodities for which programs have been undertaken.... It is the benefit payment system that makes possible control of production and higher prices for farm products."

"The Emergency Years, 1933-1934."

U. S. Department of Agriculture Leaflet, June 20, 1934.

The Processing Tax:

What is it? Who pays it? How is it levied? How collected?

Will it provide sufficient funds with which to pay benefits?

"The Agricultural Adjustment Act, in Section 9 (a) provides that: To obtain revenue for extraordinary expenses incurred by reason of the national economic emergency, there shall be levied processing taxes as hereinafter provided. When the Secretary of Agriculture determines that rental or benefit payments are to be made with respect to any basic agricultural commodity, he shall proclaim such determination, and a processing tax shall be in effect with regard to such commodity from the beginning of the marketing year therefore next following the date of such proclamation.

"This processing tax is an excise tax paid by the processors--manufacturers--on the first domestic processing of the basic commodity on which it is levied. It is collected, like other excise taxes, by the Bureau of Internal Revenue, and is turned over to the United States Treasury. Money for the administration of the Adjustment Act and for the compensatory payments is drawn from the Treasury on the authority of the Secretary of Agriculture.

"The collection of processing taxes and the expenditures of rental and benefit payments and other costs do not balance at all times, since the period of heavy collections do not necessarily coincide with periods for heavy distribution. However the budget estimates covering all the programs indicate that at the termination of the programs there will be a slight excess of collections over expenditures.

"The volume of processing tax collections at a given city or in a given State does not mean that the residents of that city or that State actually contribute the taxes collected. ...Actual contribution of the processing tax comes in different amounts from all consumers of the finished product, from the processors themselves, or even in form of deductions from the price paid to the producer.

"Since all processing taxes are paid into the Treasury, and all benefit payments are drawn from the Treasury, the total proceeds of all processing taxes, and any other money available for the purpose, can be used for the payment of rentals or benefits. Growers of a given basic commodity are not necessarily entitled to receive as benefit payments the total sum derived from the processing tax on that commodity, nor are the payments to them legally limited to the amount collected in processing taxes upon their commodity."

Bulletin G-1, U. S. Department of Agriculture. p. 11.

Is the Processing Tax adjustable, or is it a fixed tax?

"An adjustment program must in its very nature be kept adjustable."

Henry A. Wallace, "A Charted Course Toward Stable Prosperity."

"If the Secretary of Agriculture has reason to believe that the imposition of the maximum processing tax on a commodity will check its consumption and cause a surplus of the

commodity to be accumulated, he may fix the tax at less than the maximum provided for in the Adjustment Act, provided he first holds public hearings to ascertain the facts.

"The Secretary of Agriculture may alter the rate of tax at such intervals as he finds necessary.

"The tax will terminate at the end of that marketing year for a given commodity during which the Secretary of Agriculture announces that he will cease to make rental or benefit payments."

Bulletin G-1, U. S. Department of Agriculture. p. 11.

What is the maximum tax which can be imposed on any commodity?

"The maximum amount of tax which can be imposed (as of the 'beginning of the marketing year' for that commodity) upon any commodity is the difference between the current average farm price for that commodity and its parity price."

Bulletin G-1, U. S. Department of Agriculture. pp. 10, 11.

Is it the policy of the Agricultural Adjustment Administration to enrich the farmer at the expense of the consumer?

"We cannot starve agriculture and save industry, or fatten our agriculture at undue cost to our townspeople."

Henry A. Wallace.

"One of the early acts of the Agricultural Adjustment Administration was the appointment of a Consumer's Counsel to watch over the interests of the consumer. Specifically, the Consumer's Counsel has scrutinized prices raised to cover processing taxes, with a view to preventing, by full publicity, the pyramiding of taxes or the gouging of consumers with the tax as an excuse."

"Recovery from Grass Roots". George N. Peek.

Leaflet G-6, U. S. Department of Agriculture. p. 9.

"At the same time that farm prices are being increased the interests of the consumer are safeguarded under the Adjustment Act.

"The power to increase farm returns must be limited, if undue burdens on consumers are to be avoided and agricultural stability maintained. The Act embodies several provisions for the protection of consumers--the parity price maximum, the limitation on the proportion of the consumers' dollar returned to the farmers, and the direction that processing taxes, even with the parity limits, shall not be such as to unduly depress consumption."

Bulletin G-1, U. S. Department of Agriculture. p. 4.

"Whenever any tax is levied there is always the danger that in the course of being passed on it may be piled up or pyramided, so that the ultimate consumer has to cover it several times. There is the possibility that retailers may reap excess profits under the excuse that the tax is forcing prices up.

"In order to prevent this and other abuses of the consumer in the case of processing

taxes, a Consumers' Counsel has been established in the Agricultural Adjustment Administration. This office issues a semi-monthly bulletin called the "Consumers' Guide" which follows price movements and the elements which make them up, so that the consumer may know just how much the tax really does add to the price he pays.

"The April 9, 1934 issue of the Consumers' Guide shows the part played by the processing taxes in prices of clothing, bread, and so on. According to the Consumers' Counsel's figures, the tax does not directly represent more than one-half cent in the 7.9 cent average price of a one-pound loaf of bread. It does not directly represent more than 3.4 cents in the price of a woman's cotton dress, nor more than 6.2 cents in the price of a man's work pants. It does not directly represent more than 7.6 cents in the price of a sheet, 3.2 cents in that of a bath towel, or 1.3 cents in that of a yard of unbleached muslin. Further increases have been due to increased labor costs and other factors, but as these figures indicate, increases in prices due directly to the processing taxes alone are relatively small."

"Achieving a Balanced Agriculture." pp. 38, 39.
Bulletin G-20, U. S. Department of Agriculture.

How was the reduction of farm surpluses expected to help
both the farmer and the consumer in the city?

"If the surplus of farm commodities had originally caused the slump in the farmer's income with the consequent loss of farm purchasing power and the ultimate loss of consumer purchasing power in the cities, it is reasonable to suppose that a reduction of farm surpluses would increase the prices that the farmer received for his goods. His income and purchasing power would be restored so that he could renew his purchases of city-made goods. A boost to industrial and urban employment would result. Re-employed consumers would be the direct beneficiaries.

"The close connection between the farmer and the consumer was brought out recently in an editorial written by Eugene Meyer, former Governor of the Federal Reserve Board, and published in the Washington Post of September 21, 1934.With agriculture restored to a remunerative basis, if other forces do not offset the improvement in the price level, large numbers of people who have had no jobs will be restored to employment, and even those who have jobs will be more secure in their positions. And greater purchasing power in the agricultural districts means fuller employment of industrial labor and greater consuming power in the cities and industrial centers, creating, in turn, a market for a larger volume of agricultural products."

Information supplied by U. S. Dept. of Agriculture
Division of Information, AAA

COTTON PROCESSING TAX.

Sheet (81 x 99")	7.6¢
Pillow case (41 x 36")	1.4¢
Table cloth (54 x 60")	5.3¢
Bath Towel (24 x 48")	3.2¢
Unbleached muslin (per yard)	1.3¢
Men's Undershirts	.8¢
Woven Shorts	1.1¢
Woven athletic union suits	2.0¢
Work shirts	3.5¢
Overalls	8.3¢
Pajamas	4.1¢

Women

Knit vests, medium	1.1¢
Bloomers, medium weight.	1.4¢
Uniforms	3.8¢
Hose, per pair	.5¢

Cotton Production Adjustment, Cotton Section, AAA
United States Department of Agriculture.

AGRICULTURAL ADJUSTMENT AS AN EMERGENCY MEASURE.

Review briefly the primary causes which led to Agricultural
Adjustment as an Emergency Measure

"Certain things have happened in the world since about 1910 which we should keep in mind in thinking of the justification for, and the soundness of, a national plan of production adjustment, or production control. Between 1910 and 1920 the farmers of the United States added 31,000,000 acres to the amount of land in cultivated crops. During the same time Canada, Argentina and Australia increased their land in cultivated crops by 26,000,000 acres. In other words, the great agricultural countries which produce agricultural products most largely for export increased their total acreage of land in cultivated crops by 57,000-000 acres. On the other hand, the countries of Europe to which we sold most of our agricultural exports decreased their acreage of land in cultivated crops by 40,000,000 acres.

"At the close of the great war the countries of Europe had become heavily indebted to the United States and were no longer in position to buy agricultural products from us to the extent which they had done before and during the war. It was natural and reasonable that agricultural production in these European countries should increase following the war, and between 1920 and 1930 they did increase their total acreage of land in cultivated

crops by 37,000,000 acres. As a means of increasing the production of agricultural products by their own people and of becoming more nearly self-sustaining, and because they didn't have the money with which to buy from the United States, and we were no longer willing to accept large quantities of manufactured goods which they had to exchange, the countries of Europe erected high tariff walls against most of the agricultural products which we produce for export. At the same time the American farmers and the farmers of Canada, Argentine, and Australia continued to produce at almost maximum rate."

D. P. Trent. "Purposes and Results of the Agricultural Adjustment Act."

Add to the above:

"Post-war immigration laws sharply restricted population in the United States. People were forming different habits of eating. Automobiles, trucks and tractors displaced millions of horses and mules."

"Achieving a Balanced Agriculture"

Give the market quotations on a few basic agricultural products whose prices 1931-1932 were due mainly to accumulation of surpluses.

"Under the influence of rapidly changing eventswe may easily forget that in 1931 and again in 1932 cotton sold at 5 cents per pound, and that at wheat-selling time in 1931 and again in 1932 wheat sold at less than 35 cents a bushel. We may soon forget that in 1932 corn and barley sold at less than 20 cents per bushel and, as livestock prices improve, we may soon forget that during the past three years hogs have sold at 2½ cents per pound, beef cattle at 3 cents per pound, butterfat at less than 15 cents per pound, in some sections less than 10 cents per pound, and eggs at less than 10 cents per dozen.

"We may also forget that the gross income of agriculture declined from 17 billion dollars in 1919 to 5 billion dollars in 1932, and that since 1929 over half a million farmers in the United States have lost title to their farms through tax-sale, foreclosure, or forced liquidation."

D. P. Trent: "Purposes and Results of the Agricultural Adjustment Act."

State the specific intent of the Agricultural Adjustment Act.

"To Relieve the Existing National Economic Emergency by Increasing Agricultural Purchasing Power."

Title of the Act.

How were the purposes of the Agricultural Adjustment Act to be carried out?

"Two principal means were to be employed. (1) By getting the cooperation of farmers in necessary crop adjustments calculated to bring supply into a better balance with demand; and (2) by authorizing the Secretary of Agriculture to enter into marketing agreements with producers, processors, and distributors of agricultural products so that competitive wastes might be eliminated, trade practices improved, surpluses moved into markets for consumption, and producers' prices raised.

"In connection with certain basic agricultural commodities (wheat, cotton, corn, hogs, tobacco, rice and milk and its products), the Secretary was allowed to make compensatory benefit payments to producers who voluntarily signed agreements to limit their acreage, or their production for the market. The maximum amount of the benefit payment to

cooperating farmers on any commodity is determined by the difference between the current price of the commodity and the parity price.The money for the benefit payments is raised through processing taxes levied on the commodities at the first stage in their preparation for use by the consumer.

"Besides the basic commodities controlled by means of benefit payments, a number of other commodities less widely produced (milk, fresh fruits, vegetables, nuts, and canners' crops) have been brought under marketing agreements and licenses, which are intended to improve the situation of the producers and help them get better prices for their products. A variety of devices is used in the agreements, from control of the flow of supply to market, as in the case of fresh fruits, to the control of the total output, as with canned cling peaches, or the control of acreage, as with rice. The milk licenses fix the minimum prices which dealers must pay to farmers producing fluid milk and cream for cities in which licenses are employed. Like the cooperative production control programs dealing with the basic commodities, the marketing agreements provide a way by which the non-cooperators may be kept from taking advantage of the cooperators."

Information obtained from U. S. Department of Agriculture,
Division of Information, A. A. A.

What was the response of farmers to the Agricultural Adjustment Program?

"...The farmers of America organized collectively to deal with their collective interests

"Cotton growers signed 1,026,515 adjustment contracts in 1933; their signatures represented 73 percent of the total cotton acreage.

"Wheat growers signed more than 550,000 adjustment contracts for the 1933-34 crop; their signatures represented 77 percent of the total acreage sown in wheat.

"Tobacco growers signed approximately 275,000 adjustment contracts for the 1934 crop; their signatures represented 95 percent of the tobacco acreage of the country.

"Corn-hog farmers signed over 1,000,000 contracts to be effective in 1934; their signatures represented more than 75 percent of the hogs in the country."

"Achieving a Balanced Agriculture". pp. 50, 51.

Is Cooperation with the Agricultural Adjustment Program mandatory on the part of the Government?

"No. Planning in a democracy is something else. It is a method by which the people themselves, through the public leaders they have chosen, and the public agencies they have set up, can use foresight in moving toward more desirable conditions of living. The people choose the leaders; the people pass judgment upon the plans which the leaders present to them; and if they are not satisfied with the plans, the people can turn down both plans and leaders. It is not the function of the Agricultural Adjustment Administration to make the choice of the path to be followed. However, it is the duty of the Administration, by finding and presenting the pertinent facts, to make clear the basis on which the choice must be made."

H. R. Tolley, Assistant Administrator, AAA., Director Division of Program Planning.

In what way have the Farm Credit Administration and the Agricultural Adjustment Administration been of mutual benefit to each other, and to agricultural areas?

"The Farm Credit Administration thus far....has placed \$1,100,000,000 in the farming districts in refinancing mortgages and providing other forms of agricultural credit. Just as the efforts of the Farm Credit Administration have saved the day for agriculture until the Adjustment program could get under way, so the Adjustment program, increasing farm incomes, will insure the soundness of the Farm Credit operations.

"The increased income of the farm areas, ...particularly in the West and South, has quickened every phase of the economic life in those regions. Surveys made by the Agricultural Adjustment Administration have revealed that one of the first concerns of the farmers is to pay their debts and taxes. Bankers are receiving payments on loans they had long ago written off. In the buying of goods, the farmers are using their money judiciously. Much of it is going for needed articles, such as shoes and clothing, household utensils, furniture, sets of harness, paint, roofing, fencing, farm implements and in some cases automobiles. Since most of these articles are manufactured in the Northern and Eastern States, factories in these sections have derived a substantial amount of business, which in turn has made possible corresponding increases in employment."

Rexford G. Tugwell, Assistant Secretary of Agriculture.

"Economic Freedom and the Farmer." Address, April 28, 1934.

What are some of the results of emergency adjustment under the Agricultural Adjustment Act?

"The first emergency efforts to correct the surplus situation have now achieved their results. Excess carry-overs have either been eliminated or have been greatly reduced. Production of the basic exportable products have been brought in line with consumption. Between February 1933 and September 1934 prices farmers received and the prices they paid improved 52 percent, and stood at 82 percent of the pre-war parity level.

"The estimated total farm cash income for 1934--the most disastrous drought year in history--is estimated at \$6,000,000,000. This is nearly a billion dollars more than for 1933, and is \$1,700,000,000 more than for 1932. In 1934 a net reduction of 10.7 percent was secured in our seeded wheat acreage below that of the three preceding years, and farm income from wheat increased from \$195,000,000 in 1932 to \$365,000,000 in 1933, or 88 percent. The supply of American cotton this season is now 6 million bales lower than it was two years ago and farm income from cotton increased from \$425,000,000 in 1932 to \$801,000,000 in 1933, or 89 percent. Our production of hogs has been reduced to a point where the loss of the foreign market is offset,--farm income from this source having increased from \$548,000,000 in 1932 to \$619,000,000 in 1933. In tobacco, acreage control has resulted in a much improved supply position, and, at the same time, improved world economic conditions have led to some increase in exports. Farm income from tobacco increased more than 67 percent between 1932 and 1934."

Information obtained from the U. S. Dept. of Agriculture,
Division of Information, AAA.

"Between March 1933 and March 1934, rural sales rose 65 percent. During the first six months of 1934 commercial failures dropped 42 percent in the cities, but in the rural areas they dropped 52 percent."

"Achieving a Balanced Agriculture," p. 50.

In the Cotton Belt area: "Department store sales in Richmond, Va., were 20 percent bigger during the first four months of 1934 than in the corresponding period 1933. They were 42 percent bigger in Atlanta, and 36 percent bigger in Dallas."

C. A. Cobb. Chief, Cotton Production Section, June 18, 1934.

Do you consider ADJUSTMENT of and REDUCTION of Production synonymous terms?

"Adjustment of production is not synonymous with reduction of production. Keeping agricultural production so adjusted to the demands of the market that agricultural incomes will be at a maximum, may at times call for expansion of production, or for a shift on the part of some producers from production of one commodity to the production of another commodity. Faced as we have been for the past four years with vast accumulation of stocks of most of our staple farm products, with radically reduced purchasing power among our domestic consumers, and curtailed outlets abroad, adjustments in all lines have necessarily been downward adjustments, and agricultural adjustment has, in the popular mind, come to mean reduction of production. But we cannot starve ourselves rich, and continued curtailment in agriculture and in other lines of production would, in the end, lead to lower standards of living for all the people. As surplus stocks of agricultural products are worked down, as continuing national recovery gives consumers greater purchasing power, and as foreign trade revives, agricultural adjustment should come to call for judicious increases in many lines of production over the restricted volume of 1933 and 1934.

"Plans must be made for the adjustment whether upward or downward which will keep agricultural production IN BALANCE with effective demand and give producers their fair share of the national income."

"The Place of the Cooperatives in the Agricultural Adjustment Program," U. S. Department of Agriculture, August 1934.

Is it the purpose of Agricultural Adjustment to create a scarcity of any essential agricultural product in order to improve the price of that product?

"Farmers must expect to produce a sufficient quantity of products to meet the needs of the country and there has been no suggestion and no thought at any time of creating a scarcity, but the farmers of the United States have a right to adjust production to such an extent that they may receive a fair price for the products of their labor, and they have a right to adjust production in such a manner and to such an extent as will enable them to exchange their products for what they need upon a fair and equitable basis of exchange. This is all that is being attempted.... it is sound and right...and is in the best interest of progress for the country as a whole."

D. P. Trent, "Purposes and Results of the Agricultural Adjustment Act."

Note: (INSERT CHART "PROSPECTIVE FOOD SUPPLY, ETC.")

U. S. Department of Agriculture, Bureau of Home Economics
Prospective Food Supply for 1934-35 Compared with a Normal Supply Estimated on
the Basis of Average per Capita Consumption for 1923-24 through 1932-33

Commodity or Group	Percent contribution			Total quantity required for 125 million people	Prospective supply available for domestic consumption as human food
	to average diet				
	Average per capita	Energy percent	protein percent		
Consumption					
	pounds	percent	percent	million pounds	
Wheat	252.0	23.1	27.1	31,500	Normal or above
Corn, rye, and oats	93.6	7.4	6.8	11,700	Normal or above
Rice (milled)	5.0	.7	.6	625	Normal or above
All cereals	350.6	31.2	34.5	43,825	-
Potatoes, sweetpotatoes	182.0	5.2	4.2	22,750	About 90% normal assuming av. waste
Beans, Peas, and Peanuts	13.4	1.8	4.0	1,675	About 95% normal
Citrus fruit	35.3	1.7	.5	4,412	Above normal
Other fruit and melons	184.9	2.2	1.1	23,113	About 90% normal assuming av. waste
All other vegetables	144.0	1.8	1.9	18,000	Normal
Sugar	100.0	14.9	-	12,500	Normal or above
Vegetable shortening	9.0	3.0	-	1,125	Normal or above
Total vegetable food	1,019.2	61.8	46.2	127,400	-
Fluid milk and cream	347.0	8.8	16.3	43,375	Nearly normal
Butter	18.0	5.2	.3	2,250	About 90% of normal
Cheese	4.6	.7	1.8	575	About 90 to 95% of normal
Condensed and evaporated milk	15.4	.8	1.5	1,925	About normal
Eggs	26.3	1.3	4.3	3,288	About 90% of normal
Lard and margarine	16.4	5.4	-	2,050	About 90% of normal
Pork	70.3	9.6	10.6	8,788	About 70% of normal
Beef and veal	62.0	4.7	12.8	7,750	(Above normal first quarter and
Lamb and mutton	6.1	.6	1.3	762	(below normal second half
Poultry	13.7	.4	1.2	1,712	About 90% of normal
Fish	14.0	.7	3.7	1,750	About normal
Total animal food	593.8	38.2	53.8	74,225	-

Is the prospective 1934-1935 food supply adequate for dietary requirements?

"Present estimates of food supplies for this year show that, in spite of the record-breaking drought, supplies are sufficient for the larger part of the usual American food requirements. There is no shortage at all for two thirds of the products; and the prospective shortage does not exceed 5 to 10 percent for the larger part of the remaining items. What shortages do exist can be compensated for by shifts in the diet to use more of the foods which are available in abundance. As a whole, these shifts can be accomplished without any severe burden on the consumer as to cost, or any material decrease in the nutritional value of the diet. ... (There is) a prospective supply large enough to meet average domestic demands for grain products, fluid milk and cream, citrus fruits and vegetables....sugar.... and vegetable shortenings.

"These conclusions by the Bureau of Home Economics are based on estimates of probable production and stocks on hand of grain products, dairy products, vegetables, fruits, meats, and other commodities available for domestic food consumption, in comparison with figures on average domestic consumption for the 10-year period 1924-1933 inclusive....

"In some crops there will be a surplus as for example, a probable 20 percent surplus in tomatoes. For all canning crops, the probable pack is 16 percent above that of last year.

"The supply of meats throughout the coming year will depend in part on the extent to which we are able to conserve by canning, freezing, or curing the livestock slaughtered for lack of pasture and water. Even with all efforts at canning and freezing meat from drought relief purchases of cattle and sheep, it is probable that the supply of beef, veal, lamb and mutton will exceed the usual demand in the next few months, and the slaughter thereafter will be short by perhaps 15 to 20 percent."

"For the country as a whole there is no danger of food shortage."

Extracts from a bulletin released August 16, 1934 by the Department of Agriculture.

"After thorough study the experts of the Bureau of Agricultural Economics have concluded that the drought has not endangered the food supply of the United States."

Chester C. Davis, Administrator, AAA

TOPICS FOR DISCUSSION AND DEBATE

Women's Interest in the Program for Agriculture:

- a. As a Home Maker
- b. As a Producer.
- c. As a Consumer.

In your opinion is it essential for farmers to keep the agencies of control now established under AAA, or would it be better to "leave things to nature?"

Is it the farmer's responsibility to produce food always at a loss in order that cities may be fed?

If you think farmers should grow more than they can sell profitably can you suggest a plan for disposing of the surplus?

